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MEMORANDUM

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NATIONAL SECURITY COUNCIL

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INFORMATION

July 31, 1979

MEMORANDUM FOR: ZBIGNIEW BRZEZINSKI  
FROM: ROBERT HUNTER ~~et~~  
SUBJECT: CIA Analysis of Middle East  
Peace Negotiations (U)

File 36  
ZB HAS SEEN

There is nothing remarkable about this analysis. Key judgments:

-- The forthcoming UN Security Council debate will be viewed by most Arabs as a critical test of U.S. resolve;

-- Begin judges that Sadat will be satisfied with far less than the Palestinian minimum;

-- West Bankers and Gazans will look for a green light from the PLO to take part in elections, and that requires something from the U.S. on self-determination and sovereignty;

-- if nothing moves by the late fall, Sadat may ask the President for a new summit, halt the normalization process, or make new overtures to moderate Arabs;

-- hardline Arab government will press for Baghdad III, and may take action against Western interests; oil pressure (including Iraq/Libya cutbacks) will be considered;

-- Sadat is in good shape, but his position could deteriorate if Arab sanctions bite, or if he becomes disenchanted with his special relationship with us;

-- moderate oil producers are unlikely to impose an oil embargo, but could use production cutbacks as pressure;

-- unless Saudi Arabia (and other moderates) see something tangible on Palestinian rights/land, they "will do whatever is necessary to protect their credentials in the Arab world, even if that means further sanctions against Sadat and strains in relations with the United States." (S)

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Review July 31, 1985

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The Director of Central Intelligence

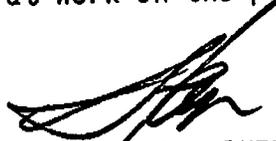
Washington, D. C. 20505

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MEMORANDUM FOR: The Honorable Zbigniew Brzezinski  
Assistant to the President for  
National Security Affairs

SUBJECT : Middle East Peace Negotiations

Our analysis of the current autonomy negotiations leads us to believe that there is an increasingly urgent need to attract Palestinian interest in participation. The attached paper provides our assessment of the forces at work on the principal players.



STANSFIELD TURNER

Attachment  
A/S

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MIDDLE EAST PEACE NEGOTIATIONS

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Israel's goal in the autonomy negotiations is to concede only enough to protect its treaty with Egypt while maintaining effective Israeli control over the West Bank and Gaza and preventing the development of an independent Palestinian state. Israel's strategy is, therefore, one of minimal concessions on narrow issues, granted only under pressure and at the end of the negotiating period.

If that strategy is successfully followed, we believe the results will not be progress toward a Middle East peace but rather:

- An autonomy plan the Palestinians will reject.
- Widespread Arab hostility toward the United States based on the conviction that it conspired with Israel and Egypt to produce a separate peace agreement.
- A significant risk that pressures arising from Arab oil and financial leverage will be used against the United States.

The Arabs have already begun probing for a definitive US stand against Israel's strategy. The forthcoming UN Security Council debate will be viewed by most Arabs as a critical test of the US resolve. Early action by the United States to counter Israeli tactics will not guarantee the Palestinians' eventual participation in the negotiation process, but the absence of action will, in our judgment, ensure their nonparticipation.

Israel's Negotiating Position

There can be little doubt that the Begin government is determined to retain control over all crucial powers in the occupied territories--internal security, Jewish settlements, water resources, and state lands. Its tactics will be to drag out negotiations over details while emphasizing that autonomy refers to people not territory and cannot lead to Palestinian sovereignty. Israel will

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limit prerogatives of the self-governing authority to minor administrative matters affecting only Palestinian Arabs. Flexibility will be shown only on procedural matters, such as the method of holding elections for the self-governing body and its size.

Israel, moreover, is likely to continue to pursue an aggressive policy in southern Lebanon and an active settlements program in occupied territories. Both policies will contribute to the Arab belief that autonomy negotiations are a sham.

Prime Minister Begin, no doubt, anticipates that he must make some concessions to get President Sadat to sign an agreement. Begin judges, however, that Sadat, for all his posturing on the larger issues, will be satisfied with far less than the Palestinian minimum. No single issue, in fact, appears absolutely critical to the Egyptians, though they will probably need movement in at least some of the following areas:

- A reduction in Israeli troop strength in the West Bank and Gaza.
- A softening of Israel's settlement policy.
- // -- Some role for the Palestinians in the critical areas of water resources and the disposition of state land.
- A credible Palestinian police force.
- Free elections.
- // -- Some reference to Jerusalem that does not foreclose future alterations in its current status.

Begin is prepared to offer the required fig leaf, but he will not do so until Sadat more clearly defines his minimal needs and applies some pressure, probably in the form of pleas to President Carter to intervene.

### The Palestinians

The moderate Palestinian leadership--including Yasir Arafat--is obviously in a quandary over the strategy it

should adopt. These leaders are afraid of missing a possible opportunity to achieve what they want--an independent Palestinian state--if they boycott the elections next year. They are equally apprehensive that they will be discredited if they enter the process unless the chance of ultimately obtaining sovereignty over the West Bank and Gaza remains open.

West Bankers and Gazans will not participate in the elections next year unless the Palestine Liberation Organization and Arafat give them a tacit sign to go ahead. It is unlikely that the PLO will do so unless the US position on self-determination and sovereignty is clarified. Moreover, the PLO will also want progress on the other issues, including some limitation on Israeli settlement activity and some measure of meaningful Palestinian control over land and water rights.

At present, the Palestinians are testing the United States to see if it is prepared to hold out the chance of obtaining sovereignty. The PLO is supporting a draft UN Security Council resolution that would in effect trade PLO acceptance of UN Resolution 242 for US recognition of the Palestinian right to a state. How the United States handles this issue will be seen by the PLO, and the Arabs, as a definitive measure of US support for a comprehensive settlement and the lengths to which Washington is willing to go to meet basic Palestinian demands.

### Arab Strategies

Arab governments generally will not wait until completion of autonomy negotiations to review their options and to take action. If, by late fall, Sadat sees no give in the Israeli position, he is likely to appeal directly to President Carter for a new summit. He might at the same time threaten to halt the normalization process with Israel, or even make new overtures to moderate Arabs. It is difficult to predict when the psychological moment for action by Sadat will be reached, but his penchant for the dramatic gesture is well known.

Hardline Arab governments will certainly begin to press for a Baghdad III to impose new sanctions on Sadat if autonomy talks continue in their current vein. Demands for action against US interests will also intensify. Hardliners would see several exploitable opportunities:

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- To further undermine Sadat's position in the Arab world and perhaps cause his overthrow.
- To project their own leadership ambitions at Egypt's expense in the Arab world.
- To develop additional pressure points to use against moderate Arab governments, and advance their own ideological positions.
- To drive a deeper wedge between the United States and its supporters in the Arab world.

Hardline strategy would be to ensure that a partial solution is not accepted and that the PLO or Arab moderates do not bolt the anti-Sadat camp. To accomplish these goals, we can expect them to consider the following options:

- Increase support to dissident groups in Egypt.
- Terrorism and violence to drive a wedge between Israel and Egypt and between Egypt and other Arabs.
- | -- Heavy pressure on Arab oil producers to punish the United States.
- | -- Use of their own oil and financial leverage--that is, of Libya and Iraq--to threaten the United States and to pressure the West Europeans to support their position.\*

Among the sanctions the hardliners might urge on moderates are a boycott of the SUMED pipeline and the Suez Canal, a halt in all Arab air traffic with Egypt, and interference with worker remittances to Egypt. Each

\*Ten percent of US oil imports come from Iraq and Libya; the comparable figures are 19 percent for France and 13 percent for West Germany. Iraq and Libya have combined foreign assets of \$16 billion--mostly in US dollars.

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of these moves would add to the psychological as well as the economic pressure on Sadat. Each, however, also bears a cost for the imposing country. Boycott of the canal, for example, would slow progress on and increase the cost of Saudi industrial projects along its Red Sea and Persian Gulf costs. Despite the costs, however, the anti-Sadat alliance probably has not exhausted the sanctions it is willing to impose on Sadat and his US backer.

Domestically, President Sadat can draw on the large reservoir of popular support for the peace with Israel to help him weather the difficult negotiating period that lies ahead. Sadat's current strong position could deteriorate markedly, however, if Arab sanctions dashed popular expectations of the economic benefits of peace, or if Sadat comes to believe that his faith in his "special relationship" with the United States is misplaced.

Moderate Arab governments, led by Saudi Arabia, also attach a sense of urgency to the Palestinians' becoming involved in the negotiating process. Several are probably willing to exert pressure to secure that goal, given their belief that the current situation threatens their security.

The moderates will probably avoid blatant use of their oil and financial leverage against the United States. However, sentiment for securing a greater political payoff from oil sales already exists and is almost certain to grow within the governments of Saudi Arabia and the Gulf states over the next year. Moreover, pressures on them from the more extreme of Sadat's opponents will mount, and circumstances could get beyond their control. Saudi and Gulf leaders could well feel compelled to respond with at least tacit hints of willingness to use their influence with the United States. Such hints could lead to strong Western reaction to the implied threat, which might, in turn, result in the moderates' feeling compelled to follow through with some concrete action such as production cutbacks that they could justify on economic or technical grounds.

The moderate oil producers would probably consider an actual oil embargo only under the most dire circumstances such as a military confrontation between Israel and a frontline Arab state. Oil Minister Yamani has

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stated several times this year that Saudi Arabia need not impose another embargo to pressure the West because even fairly small production cutbacks would have the same effect in a tight oil market.

The persistent lament of the Saudis is that the Camp David process has so far given them little of substance on the issues of Palestinian rights or return of Arab land with which to counter hardliner arguments. Until it does, the Saudis and others will do whatever is necessary to protect their credentials in the Arab world, even if that means further sanctions against Sadat and strains in relations with the United States. The longer the negotiations--in whatever form--continue without what the Arab moderates perceive to be major progress on the Palestinian issue, the greater will be the suspicion that the US goal all along has been a separate peace between Egypt and Israel.